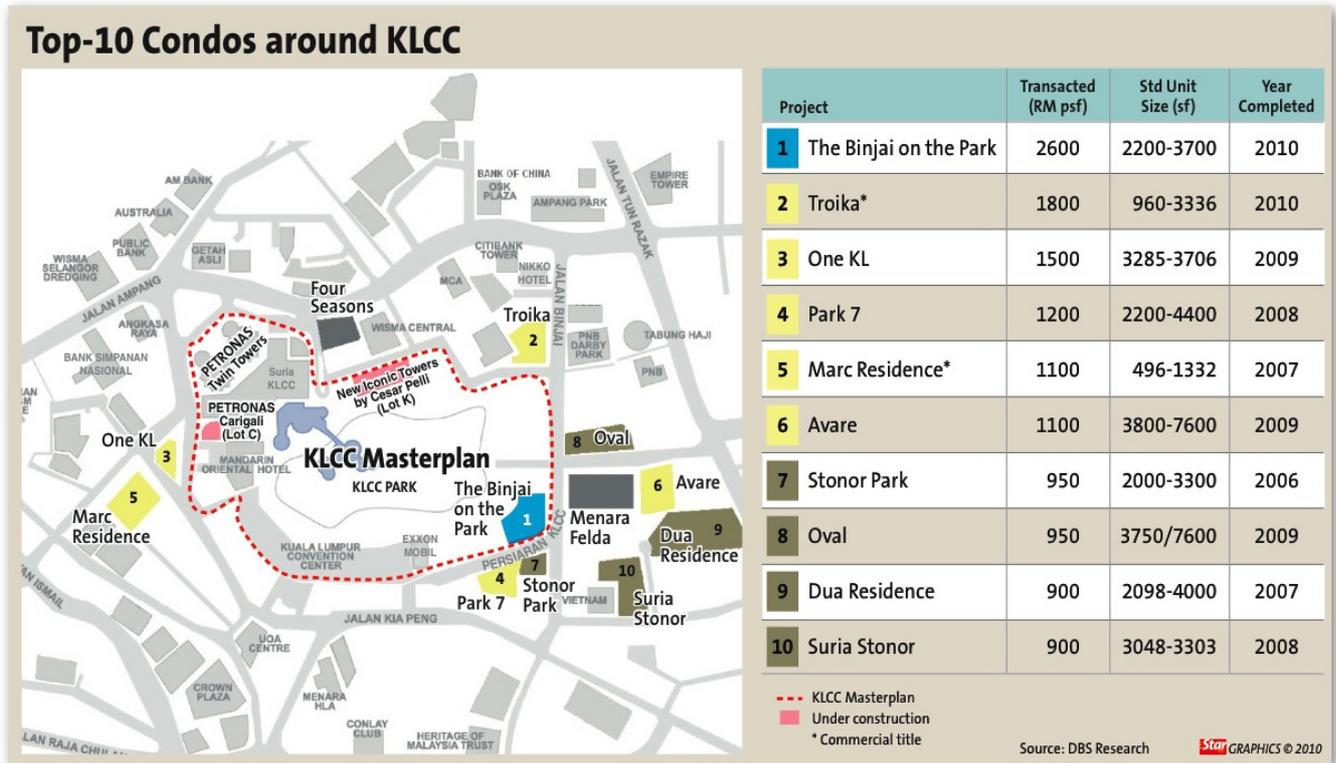


# A new class of condos

By TEE LIN SAY

✉ [linsay@thestar.com.my](mailto:linsay@thestar.com.my)



Luxury units with spectacular views and top quality designs

TWO things stand out among the Top 10 freehold condominiums around KLCC - the wide disparity in capital values of those who made it to the ranks (the top 2 are worth more than two to three times than the tenth ranked) while it drives home the point that branding and specific site, even if in the same vicinity, can make a huge difference.

In June, when it was reported that a tycoon listed on Forbes had purchased a penthouse on *The Binjai On The Park* for RM38mil, many were agog at the price these new luxury condominiums were fetching.

In fact, this particular transaction set the record for the highest single residential property ever transacted in Malaysia.



Hashim Wahir ... “There are many condos around KLCC. But there is only one KLCC condo, which is the Binjai on the Park

Even on a per square feet (psf) basis, *The Binjai on the Park*, developed by KLCC Holdings, has broken the record; one of its standard units on the auspicious 38th floor was sold for RM2,900 psf or RM10.6mil.

A strong indicator that living in KLCC has become more attractive, says Property consultancy Knight Frank managing director Eric Ooi, is that more tycoons are acquiring penthouses in condominiums in the vicinity.

### **6-star living**

Over the past five years, the demand for condominiums in the KLCC area has been geared towards lifestyle condominiums.

The earlier condominiums emphasized on space, bigger and better facilities. Good examples are Selangor

Dredging Bhd’s (SDB) *Park Seven* and E&O Bhd’s *Dua Residency*.

“We were the pioneers of lifestyle condominiums five years ago when the concept was still very new. Now the new opportunity could be in luxury-lifestyle products,” says E&O executive director Eric Chan.

In the last one year however, demand for luxury condominiums of a different kind have been on the rise. These units offer the most spectacular views, are designed by famous international architects and have top-quality designer finishes and fittings. Examples are *The Binjai on the Park* and *Troika*.

Generally, while prices for real estate are heading north, there seems to be a new pricing phenomenon taking place with certain condominiums around KLCC.

According to Bandar Raya Developments Bhd chief executive officer Datuk Jagan Sabapathy, one should not use the normal parameters of supply, demand, comparative valuation and yields to explain the pricing power of luxury real-estate products such as *The Binjai On The Park* and *Troika*.

“For these sort of luxury condominiums, there are only about 500 units. These units are catered more for the top five percent of society,” he explains.

Both *The Binjai On The Park* and *Troika* offer 24 hour concierge service, delivery services from the shopping malls and even the booking of flight and concert tickets among many others.

“We are working with Suria KLCC, Mandarin Oriental and Traders Hotel to continuously improve our residents’ experience of the KLCC lifestyle. For example, residents gets priority treatment from Petronas’s newly operational Prince Court Medical Centre, which is just 5 minutes away, for any healthcare services.” says KLCC Group of Companies Group chief executive officer Hashim Wahir, adding that it is in a class of its own.

WestMont S.A. Properties senior negotiator Chris Teng says that the price of a condominium in KL depends on address, location and quality of facilities.

“The closer you are to the KLCC development, the value goes higher. The reason why *The Binjai on the Park* commands a premium is because it has a permanently unblocked view of the Petronas Twin Towers.

“We know for sure there will be no developments in front of *The Binjai on the Park*. A lot of the other condominiums have potential developments that could block their view, so this affects their pricing levels,” he elaborates.

Zerin Properties chief executive officer Previndran Singhe points out that there is a residential enclave forming in the KLCC area.

“With the KLCC maturing over the years, the residential enclave seems to be establishing on Persiaran KLCC where *The Binjai on the Park* is located, across the KLCC Park and not too close to the commercial activities around the Petronas Twin Towers and Suria KLCC.

### **Rising owner-occupied units**

“Apart from having the best address ‘Persiaran KLCC’, this side is greener, less congested, quieter and has more commanding views. A residential cluster is a lot more effective in attracting more families, both locals and expats, to shift to KLCC,” he says.

As it stands now, the take up rates for *The Binjai on the Park* and *Troika* are 70% of 171 units and 85% of 229 units launched so far.

KGV-Lambert Smith Hampton Sdn Bhd director Anthony Chua says these days, condominiums are more owner occupied compared to the past.

As such, there is more emphasis on quality of finishings and unique features that set them apart from other condominium developments.

SDB managing director Teh Lip Kee says that *Park 7*’s success is due to its location and high emphasis on delivering services.

*Park Seven* has a occupancy rate of 95% and are mostly expatriates.

“These are people who walk to work, whether in Shell, Tan & Tan Developments, the Twin Towers or KLCC,” she says.

Jagan says that while *Troika* does not have the locational advantage of *The Binjai on the Park*, it still has a great view of the Twin Towers and the Royal Selangor Golf Club. It is also near the KLCC Park.

“We knew we had to do something special. We had a great location and branding, but how do we create superior value?”

“So we looked for a superior architect that was iconic and leading, hence we got the number one architect in the world, Norman Foster,”

“The positioning of *Troika* is in its enduring value. *The Binjai on the Park* may have the primest site, but our building has the Wow factor,” says Jagan.

Previndran says that nowadays, there is a change in lifestyle with “many locals who used to stay in bungalows in Damansara Heights, now they choose to stay in luxury condominiums because they want the security.”

Chester Properties Sdn Bhd senior negotiator Nathali Tan adds that luxury condominiums are today considered high-class bungalows in the sky because of their size and exclusive features.

“These condominiums are spacious with built-ups of almost 4,000sf excluding space for pools, tennis courts, gyms and have private lift lobbies, very tight security, concierge services and are well maintained,” she adds.

Petronas, via KLCC Holdings Sdn Bhd is the developer of the entire KLCC Development, that is today’s Malaysia’s global landmark.

The KLCC masterplan includes the Kuala Lumpur Convention Centre, Suria KLCC, Mandarin Oriental, Traders Hotel, ExxonMobil, The Binjai On The Park and of course the Petronas Twin Towers.

The 88 storey Twin Towers designed by renowned world architect Cesar Pelli, has been the iconic skyline landmark of Malaysia since 1997.

Interestingly, *The Binjai on the Park*, developed by KLCC Holdings, is the only residential property within the KLCC development masterplan.

The design of *The Binjai on The Park* was to give residence of the condominium the most commanding views possible of the iconic Petronas Twin Tower.

That is why, the condominium was strategically placed diagonally across the towers on a corner lot of the KLCC Park.

“There are many condominiums around KLCC. But there is only one KLCC condominium, which is *The Binjai on the Park*,” says KLCC Group of Companies Group chief executive officer Hashim Wahir.

He says most international top class condominiums can only offer either city skyline views such as the apartments in *The Peak*, Hong Kong, or be part of an iconic development such as *Burj Khalifa* in Dubai or *Roppongi Hills Residence* in Tokyo or those overlooking sizeable parks such as *Hyde Park* in London or *Central Park* in Manhattan.

“From that perspective, *The Binjai On The Park* is the only one in the world that offers all these three. It has the most commanding views of the Petronas Twin Towers and is located right on the KLCC Park.

“We have a city within a city,” he says.

Hashim says there are more developments being developed under the KLCC masterplan over the next seven years.

“Cesar Pelli, the designer of the Twin Towers will be back in Malaysia to design two more towers which will forever change the skyline of KL.

“Malaysia is going to have two more iconic towers reshaping the KLCC skyline,” he says.

# A rising trend for condos

By TEE LIN SAY

✉ [linsay@thestar.com.my](mailto:linsay@thestar.com.my)

THERE used to be a time when landed properties, not multi-storied dwellings such as condos, were most sought after homes in Kuala Lumpur. While this may be true still to some extent, increasingly, high end condominiums are becoming the preferred choice for the affluent.

The first condominium in the country was Tan & Tan Development Bhd's Desa Kudalari in 1980. Back then, one of Desa Kudalari's main attractions was that its residents could view the horse race at the nearby Kuala Lumpur racecourse. The racecourse is, of course, today, the KLCC Park.

The dynamics changed with the arrival of the Twin Towers in 1997 and condominiums started to spring up. First, *Stonor Park* was developed in 2003, followed by *Dua Residency* in 2004 and then *Park 7* in 2005. Notably, condominiums within close vicinity of KLCC began to fetch high prices.

Even so, it would be difficult for other projects to fetch similar prices as the units in *The Binjai On The Park*. Only the planned Four Seasons has the potential to set new benchmarks because it has a strong global brand and is known to have a very aggressive pricing strategy for its properties.



Datuk Jagan Sabapathy ... The emergence of luxury condominiums marks a shift from the traditional suburban living to condominium living in KL.

“New luxury condominiums around KLCC could be launched at RM1,800 to RM2,300psf. But (relatively) “lower-end” products around KLCC range from RM1,000 to RM1,500psf,” says HwangDBS Vickers property analyst Yee Mei Hui.

SDB managing director Teh Lip Kee says there is no property bubble in sight. Prices are going up simply because cost is going up.

“Furthermore, most of the demand are coming from the locals. Foreigners are not really buying yet. Also, not all developers are doing well. Only those with branding are doing well,” she says.

Bandar Raya Developments Bhd chief executive officer Datuk Jagan Sabapathy says that more importantly, the emergence of luxury condominiums marks a shift from the traditional suburban living to condominium living in KL.

“The condominiums in the city is not just for expat living. There is a huge and growing segment of young people living in the city who are well paid. There are also many well heeled parents who are buying homes for their kids. And they will pay for a luxury condominium,” says Jagan.

He adds that there is a shift among the young who want to live a ‘happening life’.

As such, in the coming years, he foresees the heart of the city being the heart of life.

“People now choose to live in the city because of the convenience and better quality of life. There is no need for them to drive through the nasty traffic daily. Between a RM1mil home in the suburbs compared to a RM2mil condominium in KL, more may choose to live in KL,” he says.

Apart from the convenience and lifestyle factors, Jagan says there is also the ‘empty nest factor’.

“These are people whose children have left, so they want security. They don’t want to be bothered with the maintenance of the garden, the pool and the general upkeep of their homes. They want an easier life where they can travel anytime they want. Condominium living actually makes this easier,” he elaborates.

“When the Government is successful in making downtown KL even more liveable, this trend of living in KLCC will get stronger in the years ahead,” says Jagan.

# Dealing with oversupply

NOT surprisingly and generally speaking, most realtors concur that there is an oversupply of condominiums in the KLCC vicinity.

For this reason, property valuation firm, VPC Alliance (M) Sdn Bhd managing director James Wong says he is neutral to negative on the condominium situation in KLCC as he believes the situation could only get worst unless the government jump starts the economy with more foreign direct investments and mega projects.

Having said that, many say there is still room in the premise for niche products.

“There are many condominiums coming onstream together. Not all do badly. There is a difference between the developers that are able to sell, and those that are not able to,” he says.

With that, the new condominium launches that stand a higher chance of securing good take up rates are those that have strong distinguishing features.

KGV-Lambert Smith Hampton Sdn Bhd director Anthony Chua says there have been no new launches of condominiums in the KLCC area in the last two years due to the global financial crisis and oversupply situation. In fact, in some instances, Chua says condominiums that were bought at RM2,000psf, and are now being sold at RM1,500psf.

“These units tend to be large with poor layout. The problem was that some of the developers over-marketed and over-priced their condominiums. So sometimes it’s wise to buy completed projects to actually see what you are really buying,” he says, adding that there is more activity in smaller-sized condominiums which are relatively more affordable.

To buy a good condominium, Wong says to first look at the strength and reputation of the builder to ensure that the developer is financially strong to complete the project even if there is a sudden economic downturn.

Secondly, ambience is important. Good developments have comfortable surroundings or good themes, and not a busy street with noisy ‘night clubs’ in front of it.

He added that investors also need to pay attention to the quality of finishings and the facilities offered.

Even so, CIMB Research head Terence Wong still sees opportunities in condos around KLCC. He explained that prices of condos at Mont Kiara have caught-up with prices of KLCC. But land near KLCC is significantly more expensive and scarce than in Mont Kiara.

According to DTZ Debenham Tie Leung (M) Sdn Bhd executive director Brian Koh, the issue of oversupply is more prevalent in the rental market. On this note, he says it may be easier to rent out smaller units of less than 2,000 sf as the oversupply involves those between the 2,500 and 3,500 sf range, which rental are generally higher than the housing budget allocations for expatriates.

Many lament that rental rates for condominiums around KLCC have been stuck at RM4 to RM6psf per month for the past the three to five years.

Chester Properties Sdn Bhd senior negotiator Nathali Tan says these rates are more applicable for condominiums around KLCC that were launched at RM700 to RM1,000psf levels five years back which are sizable but with basic designs and finishings.

On the other hand, Terri Har, marketing and sales manager of Layar Intan Sdn Bhd says that the recently-completed *The Binjai on the Park* has started to pull in tenants at RM7.50 to RM8.50psf per month, setting a new benchmark in the rental market.